



Health Services
LOS ANGELES COUNTY

**Los Angeles County
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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
services at DHS facilities and
through collaboration with
community and
university partners.*



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June 18, 2012

TO: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

**SUBJECT: NOTICE OF INTENT TO REQUEST DELEGATED
AUTHORITY TO INCREASE CONTRACT MAXIMUM
OBLIGATION BY MORE THAN 10 PERCENT**

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the July 3, 2012 agenda that requests approval to extend the equipment maintenance and repair services agreement with Olympus America Inc. (Olympus) and delegated authority for annual maximum obligation increases of 40 percent.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

BACKGROUND

The agreement with Olympus provides ongoing critical endoscopic equipment repair services for DHS medical facility operations. All requests for use of delegated authority will be funded by existing resources. Facilities will only request that equipment/services be added if additional services are needed and funding is verified in the facility's budget.

Olympus provides all-inclusive, unlimited repair services of endoscopic medical equipment that are widely used by the Urology Department in patient care diagnosis. Olympus' ureteroscopes provide the most advanced medical visualization technology for total "see and treat" solution. Instead of a separate snap-on camera head with focusing issues and a bulky light source requiring adjustment, the newest Olympus ureteroscopes employ a video sensor and built-in

LEDs for illumination that deliver superior color, contrast and resolution to enterologists for the diagnosis and treatment of the upper urinary tract and kidney.

JUSTIFICATION

Approval of the delegated authority to increase the annual maximum obligation by up to 40 percent will allow DHS to cover equipment coming off warranty, and emergency or unanticipated equipment repair services. The Joint Commission requires DHS facilities to cover medical equipment maintenance under a service contract. This requested delegated authority is necessary to enable the agreement to be amended timely to guarantee that the critical equipment is maintained appropriately to ensure the safety of patients, as well as to meet the requirements of regulatory agencies, including The Joint Commission. Board policy generally allows delegated authority up to 10 percent of the total contract amount. However, based on experience with several other equipment maintenance service agreements, DHS believes that the 40 percent requested for potential increases is appropriate since adding even a few pieces of equipment to an agreement may use up the entire 40 percent increase. If DHS is not able to add equipment to existing agreement, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS agreement.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with Executive Office of the Board for the July 3, 2012 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors